

THE *Dan Smoot Report*



DAN SMOOT

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FARMING THE TAXPAYERS

When President Nixon took office in January, 1969, promising drastic reductions in federal spending to combat inflation, big-spending lobbies began to coalesce for greater strength in putting pressure on Congress.

In the summer of 1969, a new education lobby was formed. It consists of more than 60 different organizations which previously had lobbied separately for federal spending on education (see "The Education Lobby," this *Report*, August 31, 1970). At the same time, in the same way, and for the same reason, a new farm lobby was formed.

During the 1968 election campaign, Nixon called the existing farm law "a patchwork of older legislation unsuitable for the long term."⁽¹⁾ He made no specific proposals regarding agriculture, but implied that farmers should be encouraged to depend more on a free market than on government subsidies and controls.⁽¹⁾

In July, 1969, some 32 groups (which previously had lobbied separately for legislation affecting farming interests) joined to form a new farm lobby, called the Coalition of Farm Organizations.⁽¹⁾ Just as the new education lobby's objective is not merely to resist reductions in federal spending on education but to force increases, so the new farm lobby's objective is to get higher federal subsidies and tighter government control over farming than ever before.

President Nixon never has presented a farm program of his own. It was not until September, 1969, that his Secretary of Agriculture appeared before the House Agriculture Committee to discuss the administration's ideas.⁽¹⁾ The Secretary submitted a draft plan which was nothing more than a rehash of existing farm programs, calling some of them by different names, slightly altering the operations of others.

Meanwhile, of course, the farm lobby pushed hard for the legislation it wanted. For more than a year,

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the lobby successfully blocked all other proposals, while insisting on its own. In early June, 1970, farm lobby leaders expressed pleasure because: (1) the lobby had the House Agriculture Committee supporting its proposals; (2) the lobby had made considerable progress in moving the Nixon administration toward support of the lobby's proposals; and (3) the lobby believed it had enough support in the U. S. Senate to adopt the lobby's farm proposals intact.⁽¹⁾

On August 5, 1970, the House (by a vote of 214 to 171) passed the Agricultural Act of 1970 (HR 18546) to replace the Food and Agriculture Act of 1965, which expires at the end of 1970. In essence, HR 18546 continues the same federal farm programs that have already cost taxpayers more than \$150 billion. The bill is not precisely what the farm lobby wanted, but the lobby considers it an improvement over existing law.

On August 28, 1970, the Senate Agriculture Committee reported HR 18546, after amending it to provide higher price support for wheat and corn than the House-passed version provides.

If this "liberalized" version of HR 18546 is liberal enough to please the farm lobby, it will doubtless pass when it goes to the Senate for debate and vote. If the bill is not passed by the Senate (and no other general farm legislation is enacted this year), the federal farm programs will revert to what they were prior to the Food and Agriculture Act of 1965.

That the powerful Coalition of Farm Organizations has worked for more than a year without getting from Congress everything it wants is not attributable to statesman-like resistance in Congress, but rather to conflict between Members of Congress trying to curry favor with different special-interest groups.

The most dramatic conflict concerns subsidy payments to landowners for not growing crops.

Under present law (the Food and Agriculture Act of 1965), growers of wheat, cotton, and feed grains are given direct cash payments from the federal government for not growing those crops on a certain portion of their acreage. This is in

addition to what they get in price supports for crops they do grow. Last year (fiscal 1970), \$555 million was appropriated for such subsidy payments.⁽²⁾ Most of it went to wealthy landowners, some of which are banks, conglomerates, foreign corporations, and even prisons which own farm land.⁽³⁾

In 1969, 79 big farming companies ("agribusinesses") in eight states got more than \$200 thousand each from the federal government for not growing certain crops on parts of their acreage — 41 in California; 22 in Arizona; 5 in Mississippi; 5 in Texas; 3 in Arkansas; 1 each in Colorado, Montana, and North Carolina. The largest individual recipients were in one California county (Kings) where 3 agribusiness firms got more than \$7.8 million for not growing specified crops on parts of their acreage: the J. G. Boswell Company got \$4,370,657; South Lake Farms got \$1,788,052; Salyer Land Company got \$1,637,961.⁽³⁾

One of the agribusiness firms which got huge sums of tax money last year for not growing crops is a British-owned corporation: the Delta and Pine Land Company, in Mississippi, which got \$731,772.^(1,3)

Some of the business conglomerates receiving tax money from the federal government for not growing crops on portions of their land in 1969 were the So Pac Company of San Francisco (parent company of the Southern Pacific Railroad) which got \$161,068; the Standard Oil Company of Oildale, California, which got \$127,000; the Aluminum Company of America, which got \$48,414 for some of its land in Union County, Kentucky; the Reynolds Metals Company, which got \$57,930 for some of its land in Henderson County, Kentucky.⁽³⁾

Banks which got tax money from the federal government last year, for not growing specified crops on some of the bank-owned land, include The Southern National Bank in Robeson County, North Carolina, which got \$224,254; the First National Bank in Harnett County, North Carolina, which got \$69,943; the Waccamaw Bank And Trust Company in Robeson County, North

Carolina, which got \$58,134; Peoples Bank in Edgecombe County, North Carolina, which got \$26,657; and The First National Bank in Hartley County, Texas, which got \$69,415.⁽³⁾

Last year, for not growing specified crops on a part of the land it owns, the Arkansas State Penal Farm got \$148,628 from the federal government; the Louisiana State Penitentiary got \$36,971; the State of Montana got \$641,341; the Ft. Pillow State Farm of Tennessee got \$33,660; the Texas Department of Correction got \$425,809; the State of Washington got \$171,781.⁽³⁾

The official list of farmers who received \$25,000 or more each from the federal government last year, for not growing specified crops on portions of their land, reveals that Wayne E. Tallman, of Kiowa County, Colorado, got \$47,002, and that Wayne E. Tallman Farms Company of Kiowa County, Colorado, got \$39,410.

Wayne E. Tallman has successfully farmed the federal farm programs for many years. In 1956, Congress and the Eisenhower administration initiated the "Soil Bank" program to pay farmers for not farming. The Soil Bank scheme was a little different from the present cash-subsidy program. In the present program, a land owner is given cash not to plant *certain* crops on a portion of his land; but he is allowed to raise other crops on the land. In the Soil Bank program, the farmer was supposed to leave the land idle — except for livestock pasturage.

On February 14, 1957, Wayne E. Tallman went to the Agricultural Stabilization Committee of Kiowa County, Colorado, and got official approval for a remarkable deal. Tallman bought a 6960-acre ranch for \$139,200, and then through a maze of complicated subleasing arrangements, put 3879 acres of the ranch in the soil bank in such a way that the government, over a ten-year period, gave him \$271,000 for not growing anything on the 3879 acres. During that time, he was free to pasture the 3879 acres, and to use the remaining 3081 acres of his ranch as he pleased.⁽⁴⁾

Congress, of course, appropriates our tax money to pay these subsidies to landowners for not growing crops. The payments are made by an agency

in the Department of Agriculture called Agricultural Stabilization and Conservation Service (ASCS). Some Members of Congress and some officials of the ASCS get some of the tax money they give to land owners for not growing crops. In Sunflower County, Mississippi, the family plantation of U. S. Senator James O. Eastland received \$146,792 last year for not growing specified crops on some of its acreage. In Kern County, California, a farm partially owned by the ASCS administrator (Kenneth Frick) got \$78,000 in subsidies. Mr. Frick said there was no conflict of interest in his case, because he had put his part of the farm in a corporate trust over which he has no control.⁽¹⁾

In the House, a leading defender of the cash-subsidy program is W. R. Poage (Texas Democrat). Of the \$555 million appropriated for the program last year, more than \$100 million went to 2460 Texas landowners, each of whom got more than \$25 thousand. Leading House opponents of the program are Silvio O. Conte (Massachusetts Republican) and Paul Findley (Illinois Republican). No Massachusetts landowner received a large cash subsidy for not growing crops last year. In Illinois, only 73 landowners got subsidy payments of more than \$25 thousand. The largest in the state (\$126,895) went to Cote Farms, Inc., in Kanakee County, which is not in Mr. Findley's district.

Conte and Findley are not opposed to giving away tax money. They favor giveaways that have the most political importance to them. They point out that, in some counties, more tax money is given to a few wealthy landowners than is given to poor people in food stamps. Indeed, some counties, where big subsidies are given to wealthy landowners, have no food stamp program at all for the poor.

So, Conte and Findley want to limit the amount of subsidy given to any one landowner to \$20 thousand a year, so that more can be given to the poor. A compromise has been reached. As passed by the House on August 5, and reported by the Senate Agriculture Committee on August 28, the Agricultural Act of 1970 (HR 18546) places a

\$55 thousand-a-year limit on subsidy payments for wheat, feed grains, and cotton.

Members of Congress who are opposed to a low limit, or any limit at all, on cash payments to landowners for not growing wheat, cotton, and feed grains argue that it will cost taxpayers more money not to pay the subsidies than it costs to pay them. If landowners do not get tax money for not growing these crops, they will grow them. Then, the government will pay more in price supports for these commodities than it now pays in subsidies.

They have a point there. In fiscal 1970, the appropriation for price supports (Commodity Credit Corporation activities) was \$3.7 billion — more than six times as much as the appropriation for subsidies.⁽²⁾

The \$555 million appropriation for farm subsidies in fiscal 1970 represented only 8% of total appropriations for Department of Agriculture activities.⁽²⁾

Of the \$7.5 billion appropriated for the Department of Agriculture in fiscal 1970, less than half actually went to farmers. For example:

—\$149.8 million went to the Farmers Home Administration, mostly for construction loans, but 94% of the loan recipients were non-farm people;⁽⁵⁾

—\$476.7 million went to the Rural Electrification Administration, for socialized electrical power, most of which is sold to non-farm customers;

—\$951.7 million went to "Consumer and Marketing Service," which means Food Stamp Program, School Lunch Program, Special Milk Program, and so on;

—\$920 million was disguised foreign-aid — the food for peace program of giving away to foreign nations American agricultural commodities.

The federal farm program, begun 41 years ago for the alleged purpose of helping "small family farmers," has just about driven small family farmers off the land. It has become a massive pork-barrel operation enabling politicians (from urban

as well as rural districts) to buy votes with taxpayers' money, and it is fueling the drive to socialize (communize) the American economy.

NEXT WEEK: A brief history of federal farm programs, and some recommendations

VOTING RECORDS

In April, 1968, we published "Record of the 90th Congress," tabulating the 76 most significant roll-call votes taken during 1967 and the first quarter of 1968. We gave brief discussions of the issues involved, and listed the conservative ratings each Member of the federal Congress earned by his voting.

This is the last Voting-Record-of-Congress we have published. However, it is still useful in most congressional elections this year, because it contains ratings of *most* of the present Members of Congress.

"Record of the 90th Congress" originally sold for \$1. We will now give it to any subscriber who wants it, asking only that you send 25 cents to pay the cost (postage, envelope, handling) of sending it to you.

FOOTNOTES

- (1) *Congressional Quarterly Weekly Report*, June 12, 1970, pp. 1548-1551
- (2) 1969 *Congressional Quarterly Almanac*, pp. 327 ff.
- (3) List of farm-subsidy payments in excess of \$25 thousand during 1969, *Congressional Record*, March 26, 1970, pp. E2536-E2579
- (4) Speech in the Senate by Senator John J. Williams, *Congressional Record*, Feb. 24, 1961
- (5) Legislative Report No. 1075, Congressman H. R. Gross, July 29, 1970

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